

# Blackstone Power Plans Hit a Snag in Porsche, BMW Heartland

by

Weixin Zha and Brian Parkin

April 28, 2017

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- EU questions if German reserve meets internal market rules
  - Utilities RWE, Trianel also consider bidding for reserve

Blackstone Group LP's quest to be the first company to build back-up power plants in southern Germany faltered after the European Commission queried whether the nation needs the facilities at all.

The world's biggest private equity firm's PQ Energy unit says an EU antitrust probe could delay a bid to build new reserve power plants in Germany's industrial heartland. The region, home of automakers from Porsche Automobil Holding SE and BMW AG to gas company Linde AG, faces a looming power shortage as the nation plans to exit nuclear within five years.

While Germany's unprecedented shift to clean energy created a glut that sent power prices to their lowest level in more than a decade last year, the billions of euros in grid investment needed to move the new electrons around didn't follow. Utilities from RWE AG to Trianel GmbH have so far held back plans to boost capacity in the south because of the low prices.

The European Commission said it's concerned that the reserve plan could distort competition and favor domestic plant operators over other companies, the EU's executive arm said this month. Having already signed off on Germany's emergency capacity reserve made up of old lignite plants, the commission also said it isn't convinced of the nation's assumptions that the program is necessary.

"The federal government, the states and the national grid builders all say this capacity is needed," PQ Energy's Chief Executive Officer Dominique Candrian said by phone from Zurich. Germany may need to clarify its energy laws, making crystal clear that the reserve capacity is an off-market back-up, he said.

## Gas Plant

PQ plans to build a gas-fired plant in Gundelfingen in the state of Bavaria, 130 miles (209 kilometers) from BMW's biggest European factory where more than

300,000 cars are built per year. A preliminary 2021 start for the station was mooted for the first time on Monday in an document published by BDEW, the energy industry's lobby group.

"I can't imagine that we'll cope without reserve plants in the long-term," Tobias Buehler, mayor of the Bavarian town of Gundremmingen that's home to a nuclear plant, said by phone. "It wouldn't make sense to import power from reactors abroad for some hours after shutting our own. Without electricity all the companies here would migrate."

Germany's new two-gigawatt reserve, enough to power about 4 million homes, would guarantee plants a fixed return of as much as 200 million euros (\$217 million) annually. Operators would bid to get paid to keep plants on standby, according to a letter from the EU Commission to Germany. Running costs would also be compensated by electricity consumers.

[To read more on Germany's switch to green energy, click here](#)

Blackstone's plan is designed to aid the network quickly as the share of volatile green power increases, Candrian said. The station's design allows for further expansion if there's more demand, he said.

PQ has already received preliminary site approval for Gundelfingen and a smaller unit in the state of Hesse. Only one other builder, a consortium of Siemens AG and local utility Stadtwerke Ulm GmbH, has so far explicitly designed and pitched their gas plant for the reserve, according to the project website.

"We still believe that the plant is needed and will succeed," Sebastian Koch, a spokesman at Stadtwerke Ulm, said by email. Its capacity has been reduced to a standby power plant as prices deteriorated, which means the unit won't be built unless it's in the reserve, he said.

# Germany's Nuclear Landscape Is Changing

Gundremmingen-B reactor has to stop operating by law by the end of 2017

## Plant status

- Retiring
- Inoperative
- Decommissioned

## Scheduled retirements

2017	Gundremmingen-B
2019	Philippsburg-2
2021	Grohnde Gundremmingen-C Brokdorf
2022	Isar-2 Emsland Neckarwestheim-2



Source: Deutsches Atomforum

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Reserve plants are necessary to guarantee the security of supply and it's important to start the tender process as soon as possible to have them ready from winter 2021, Ralf Heineken, a spokesman at the Ministry for Environment and Energy of Baden-Wuerttemberg, said by email.

Baden-Wuerttemberg and Bavaria, both in the south, make up a third of Germany's power demand, according to data compiled by its federal states. After RWE's Gundremmingen C reactor shuts in 2021, the nation will have just two atomic plants left.

"The location in south Germany is interesting to keep the grid stable, because Gundremmingen is where a reactor will shut down," Lothar Lambertz, a spokesman for Essen-based RWE.

The company is planning a gas plant on which the final investment decision depends on power market prices and political developments.

“We keep doing our work now to be ready to act, when needed,” Lambertz said.

Trianel is also observing developments for the reserve as it could be an option to build a gas plant to supply heat to a nearby refinery and electricity to consumers, Maik Huenefeld, a spokesman, said.

The national Economy and Energy Ministry hopes to gain EU approval for the additional reserve in the coming months, said Beate Baron, a spokeswoman in Berlin.

“Germany’s regional power needs are highly differentiated,” she said.

## Plans for gas-fired plants in south Germany

Company	Station	MW Capacity	Start Date
PQ Energy	Gundelfingen	1,200	earliest 2021
PQ Energy	Industriepark Griesheim	500	2021/2022
RWE AG	Gundremmingen	unspecified	-
Trianel GmbH	Karlsruhe/Oberrhein	1,200	-
Stadtwerke Ulm/ Siemens AG	Ulm/Flughafen Leipheim	max. 600	2021
OMV	Burghausen	850	-
EnBW AG	Karlsruhe-6S	465	-

Source: BDEW, PQ Energy, Stadtwerke Ulm